



*Press Announcement 2 May 2007*

## **New financial targets and new reporting structure**

As a result of the proposed distribution of shares in Peab Industri, in future Peab's activities will consist of construction and civil engineering operations. This are resulted in a review of the financial targets and of the external reporting structure.

### **Financial targets**

Peab has established new financial targets in order to clearly state the group's objectives and potential as a dedicated construction and civil engineering company. These targets are:

**Return on equity** of at least 20 percent (up from the previous 15 per cent)

**Equity/assets ratio** of at least 25 per cent (unchanged)

**Dividend** of at least 50 percent of profit after tax (unchanged)

The earlier targets for return on capital employed and cash flow have been discontinued.

The new targets have been elaborated based on Peab's approach as a dedicated construction and civil engineering company with activities in Sweden, Norway and Finland. The distribution of Peab Industri will free Peab of this capital intensive business, thus reducing the company's needs for investment and working capital and the withdrawal of the capital employed target.

Peab intends to develop its own project development, and therefore the board of directors has decided to expand the framework for possession of Project and Development Properties from the previous maximum commitment of some SEK 2,000 million to a future maximum commitment of approx. SEK 3,000 million. Peab's requirements for the proportion of apartments subscribed for in advance and sales of commercial projects prior to project start remain unchanged.

The group's targets will then be divided proportionately between the business areas relative to individual profitability, cash flow and operating margin targets.

Where there are major changes in Peab's structure or external conditions, for example on the financial markets or through political decisions, Peab will modify the financial objectives as necessary.

### **New reporting structure**

As a result of the proposed distribution of shares in Peab Industri, in future Peab's activities will consist of construction and civil engineering operations. Peab operates in Sweden, Norway and Finland.

From the first quarter of 2007 onwards the new business areas in external reporting will be:

- Construction Sweden
- Construction Abroad
- Civil Engineering
- Trust/Management

This division is assessed to describe opportunities and risks for the dedicated construction and civil engineering company, which will remain after the distribution of Peab Industri.

Peab will report Peab Industri as an own business area until the decision of distribution. Given adoption of the decision to distribute the shares in Peab Industri by the annual general meeting, this business area will thereafter be withdrawn.

The below table shows the revised business areas based on the new reporting structure.

When establishing Peab Industri AB on 31 December 2006, there were certain minor company handovers between the Industry, Construction and Civil Engineering business areas, which means that historical values for Industry business area in Peab's report, will diverge from historical values in the future economic information of Peab Industry. Figures have not been translated at historical values because of these handovers.

"Our financial targets are there so that parties interested in investing in the Peab share can gain an impression of the company's possibilities and potential. The high return on equity requirement in the remaining dedicated construction and civil engineering business reflects our belief in a continued good building market climate. The new reporting structure will result in easy and clear analysis of the company in the future too," says Peab's MD Mats Paulsson in a commentary.

### **For further information:**

Mats Leifland, CFO Peab +46 733 37 10 06

Gösta Sjöström, information manager Peab +46 733 37 10 10

Previous press releases from Peab are available at [www.peab.com](http://www.peab.com)

Peab is one of the leading construction and civil engineering companies in the Nordic countries with approximately 12 000 employees and a net sale exceeding SEK 30 billion. The Group's subsidiaries have strategically located offices in Sweden, Norway and Finland. The share is listed on the Stockholm Stock Exchange.  
The registered office of the Group is at Förslöv, Skåne in south of Sweden.

**Revised business areas  
per quarter 2006**

	Jan- Dec 2006	Okt- Dec 2006	Jan- Sep 2006	Jul- Sep 2006	Jan- Jun 2006	Apr- Jun 2006	Jan- Mar 2006
MSEK							
<b>Net sales</b>							
Construction Sweden	17 719	5 445	12 274	3 897	8 377	4 606	3 771
Construction Abroad	3 756	1 196	2 560	975	1 585	864	721
Civil engineering	6 515	2 082	4 433	1 595	2 838	1 620	1 218
Trust/management	154	72	82	30	52	27	25
Elimination	-1 312	-342	-970	-267	-703	-400	-303
<b>Total construction and civil engineering operations</b>	<b>26 832</b>	<b>8 453</b>	<b>18 379</b>	<b>6 230</b>	<b>12 149</b>	<b>6 717</b>	<b>5 432</b>
Industry	5 514	1 579	3 935	1 728	2 207	1 494	713
Eliminations	-2 025	-682	-1 343	-493	-850	-504	-346
<b>Group total</b>	<b>30 321</b>	<b>9 350</b>	<b>20 971</b>	<b>7 465</b>	<b>13 506</b>	<b>7 707</b>	<b>5 799</b>
<b>Operating profit</b>							
Construction Sweden	704	272	432	144	288	162	126
Construction Abroad	-6	23	-29	-11	-18	-11	-7
Civil engineering	161	26	135	63	72	39	33
Trust/management	-135	-35	-100	-30	-70	-41	-29
<b>Total construction and civil engineering operations</b>	<b>724</b>	<b>286</b>	<b>438</b>	<b>166</b>	<b>272</b>	<b>149</b>	<b>123</b>
Industry	527	183	344	215	129	143	-14
<b>Group total</b>	<b>1 251</b>	<b>469</b>	<b>782</b>	<b>381</b>	<b>401</b>	<b>292</b>	<b>109</b>

**Revised business areas  
per quarter 2005**

MSEK	Jan- Dec 2005	Okt- Dec 2005	Jan- Sep 2005	Jul- Sep 2005	Jan- Jun 2005	Apr- Jun 2005	Jan- Mar 2005
<b>Net sales</b>							
Construction Sweden	14 015	4 592	9 423	3 157	6 266	3 445	2 821
Construction Abroad	3 510	906	2 604	983	1 621	930	691
Civil engineering	5 895	1 849	4 046	1 471	2 575	1 520	1 055
Trust/management	95	23	72	26	46	27	19
Elimination	-990	-401	-589	-187	-402	-240	-162
<b>Total construction and civil engineering operations</b>		<b>6 969</b>	<b>15 556</b>	<b>5 450</b>	<b>10 106</b>	<b>5 682</b>	<b>4 424</b>
Industry	4 520	1 300	3 220	1 357	1 863	1 288	575
Eliminations	-1 544	-495	-1 049	-369	-680	-409	-271
<b>Group total</b>	<b>25 501</b>	<b>7 774</b>	<b>17 727</b>	<b>6 438</b>	<b>11 289</b>	<b>6 561</b>	<b>4 728</b>
<b>Operating profit</b>							
Construction Sweden	449	167	282	135	147	79	68
Construction Abroad	-88	-23	-65	-23	-42	-34	-8
Civil engineering	137	50	87	-4	91	55	36
Trust/management	-131	-31	-100	-30	-70	-42	-28
<b>Total construction and civil engineering operations</b>	<b>367</b>	<b>163</b>	<b>204</b>	<b>78</b>	<b>126</b>	<b>58</b>	<b>68</b>
Industry	380	116	264	156	108	110	-2
<b>Group total</b>	<b>747</b>	<b>279</b>	<b>468</b>	<b>234</b>	<b>234</b>	<b>168</b>	<b>66</b>